

RD AN No. 3809 (1942-G)  
December 18, 2002

SUBJECT: Rural Business Enterprise Grant Program  
Rural Area Definition

TO: State Directors, Rural Development

ATTN: Business Programs Directors

**PURPOSE/INTENDED OUTCOME:**

This Administrative Notice (AN) is being issued to clarify the definition of a rural area as it relates to the Rural Business Enterprise Grant (RBEG) Program.

**COMPARISON WITH PREVIOUS AN:**

There is no previous AN on this subject.

**IMPLEMENTATION RESPONSIBILITIES:**

The purpose of this AN is to notify you that, effective May 13, 2002, the Farm Security and Rural Investment Act of 2002 (the 2002 Farm Bill) changed the definition of a rural area for the purposes of the RBEG Program. Effective immediately, rural areas are defined as any area other than a city or town that has a population of greater than 50,000 inhabitants and the urbanized area contiguous and adjacent to such a city or town, as defined by the U.S. Bureau of the Census using the latest decennial census of the United States. Please note that urbanizing is no longer part of the definition, and, as a result, urbanizing areas are eligible locations for RBEG assistance. As a result of the change in definition and discussions held with Congressional staff members, naturally occurring boundaries will no longer be used in determining what constitutes a rural area. This change will be reflected in regulations soon to be published but is effective immediately.

EXPIRATION DATE:  
December 31, 2003

FILING INSTRUCTIONS:  
Preceding RD Instruction 1942-G

In determining rural area eligibility, among the earlier statutory requirements was a provision that mandated the use of the 1990 census data. The 2002 Farm Bill contains no such requirement. However, the use of the census data is a reasonable method of determining population for rural area definition purposes; therefore, its use will continue. Because it is now possible to access 2000 census data, the latest census data must be used effective immediately. Rural area determinations can now be made by accessing the following website: <http://maps.ers.usda.gov/loanlookup/viewer.htm> . Lenders and the general public can also gain access from the RBS homepage by clicking on the “Rural Area Determinations Here” icon. This will transfer the user to the above-referenced Economic Research Service website, which has been designed to filter the raw census data while applying our new rural area definition.

If you are uncertain whether a location is eligible, please send a request, along with a complete address, to Joseph Ben-Israel, Processing Branch Chief, Specialty Lenders Division, for a determination.

If you have any questions, please contact the Specialty Lenders Division at (202) 720-1400.

*(Signed by John Rosso)*

JOHN ROSSO  
Administrator  
Rural Business-Cooperative Service